

FISCAL NOTE

Bill #: SB0027

Title: Budget stabilization and emergency funds

Primary Sponsor: Laible, R

Status: As Amended in Senate Finance and Claims

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$0	\$0
Revenue:		
General Fund	\$0	\$0
State Special Revenue	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. This bill is effective July 1, 2006.
2. This bill provides for a new “budget stabilization account” and a new “emergency account”.
3. If the audited unreserved and undesignated general fund balance for the most recently completed fiscal year is more than 5% of all general fund appropriations during the current biennium, the excess must be transferred 75% to the budget stabilization account and 25% to the emergency account.
4. The governor may transfer funds from the budget stabilization account to avoid spending reductions otherwise required by 17-7-140, MCA.
5. Money in the emergency account is appropriated to the governor upon declaration of a disaster or emergency or for fire suppression costs.
6. The balance in the budget stabilization account cannot exceed 9% of the general fund appropriations for the prior biennium, and the balance in the emergency account cannot exceed 3% of the general fund appropriations for the current biennium. Any interest earned on these accounts prior to when the balances reaches the maximum levels is retained in these accounts.
7. The audited general fund ending balance for the previous fiscal year will be available by December 1 of each year and the transfers will be made by December 31.

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(continued)

8. The ending fund balance will be 5% or less for FY 2006 and FY 2007. No transfers for FY 2006 will be made in FY 2007.
9. This bill provides for the legislature to leave a 3% general fund balance.

LONG-RANGE IMPACTS:

Eventually, there will be balances in the budget stabilization account and the emergency account. This will provide for more stability in government services provided.